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SIPDIS

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SUBJECT: REVISED AFGHANISTAN COMPACT FOR WASHINGTON REVIEW

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Summary and Introduction

1. (SBU) This cable includes the full text of the December 11 revised Afghanistan Compact and three Annexes for Washington review. This final revision reflects the bulk of consensus recommendations reached at a series of December 2-5 PrepCom meetings held on the margins of the Kabul Regional Economic Cooperation Conference (Ref A) as well as stylistic changes that tighten the text and clarify its message by creating a preamble, and "Purpose" and "Principles of Cooperation" introductory sections. In the paragraphs below we highlight key final modifications to the Compact text.

2. (SBU) Beyond areas of critical policy concern we believe it is time to stop dealing with issues of language and form. We have some of what we want. So do others. We need to close on the compact, particularly on the benchmarks, and start working on other donors to fund the large projects necessary for victory in Afghanistan. Ultimately this compact is about hard political reforms and audacious development. We need to get on with it and only reclama on major substantive issues. The GoA and UNAMA request final comments NLT December 15. They request also that all comments come through ambassadors and not/not via the conference call, in which the GoA no longer intends to participate (See para 11). End Summary.

Compact Chapeau: Key Modifications

3. (SBU) This section is rewritten in a form to add punch. It now has complete GoA buy-in. The substance is what we agreed to except for issues noted below:

4. (SBU) The introduction to the "Purpose" section removes earlier references to the GoA "seeking the support of the international community for the implementation of the Afghan National Development Strategy (ANDS)." PrepCom participants thought this language inappropriate given that the ANDS is a wholly GoA driven strategy and, in any case, premature given that a Final ANDS has yet to be released by the GoA. The current version of the compact chapeau also removed an earlier statement that "The mechanism for implementing the commitments under this compact will be the ANDS" because a later statement in the final paragraph of the Compact chapeau names the joint coordination and monitoring mechanism as the Compact's implementing vehicle.

5. (SBU) In the "Principles of Cooperation" section, a new point has been added: "Recognize the importance of gender in all policies and programs." In the "Security" section, language has been modified to recognize the contribution of "partner nations" to security sector reform in addition to OEF and NATO/ISAF forces. In the "Governance, Rule of Law and Human Rights" section, language has been added on promoting justice and building a fiscally sustainable administration for future elections. In the "Economic and Social Development" section, the introduction to the five basic priorities has been changed to a declarative "Public investment will be structured around five basic priorities of the ANDS" and objective language has been added to expand employment generation and enterprise creation.

6. (SBU) In the chapeau's "Counter-Narcotics - a Crosscutting Priority" section, a notable omission is the absence of eradication from a CN strategy list that includes interdiction, law enforcement, judicial capacity building,

enhanced regional cooperation, alternative livelihoods and institution building. In a December 10 UNAMA meeting with G-8 ambassadors, Ambassador Neumann flagged this omission and strongly called for its inclusion as a statement that both donors and the GoA accept both the legitimacy and practical necessity of eradication as one of the tools to fight Afghanistan's narcotics scourge. Subsequently, language in the Annex I counter-narcotics Security Benchmark was strengthened considerably to read "The government will strengthen its law enforcement capacity at both central and provincial levels, resulting in a substantial annual increase in the amounts of drugs seized or destroyed." We are inclined to push back once more on the language in the cover document but accept this compromise. UK support for a push to include the word eradication would be helpful. We await Washington's guidance.

Annex I: Benchmarks - Key Modifications

17. (SBU) The extended benchmark (BM) section adds a small chapeau committing the GoA, with the support of the international community to achieving all BMs within the 5-year timeframe of the Compact. In the "Security" section reference to the size of ANA forces, disagreement remains over whether to modify the 70,000 target by including our proposed language of the phrase "up to", now retained in brackets before the 70,000 figure. "Up to" language is also bracketed before the police manning figure but the police language will follow whatever is agreed to on the ANA language. Given the cross-cutting priorities associated with counter-narcotics efforts, the BM's text is now divided between the Security, Governance, Agriculture and Rural Development, and Social Protection sections. The Gender section has been strengthened with language added requiring the National Action Plan for Women in Afghanistan to be fully implemented. The Agriculture and Livestock BM has been strengthened, with language mandating a 30 percent increase in public investment in agriculture (vice a 30 percent increase in investment in creating an "enabling environment for agriculture.")

18. (SBU) In the Economic Governance and Private Sector Development section, controversial Financial Management BM language detailing specific targets for the share of donor assistance flowing through the GoA's Core Budget was softened at the request of the US, Germany and Japan to read ".donors will make every effort to increase the share of total external assistance to Afghanistan that goes to the core Budget." In extended discussion on the also controversial Domestic Revenues BM, a GoA/IFI/US/UK working group has revised the measurement of the GoA's core budget expenses to include World Bank estimates of previously off-budget recurring costs associated with the ANA, ANP, education and health care, as well as projected recurring parliamentary and election expenses. The benchmark now details an increasing share of domestic revenues as a percentage of this revised budget, models budget revenues as a percentage of GDP and refers to a "continuing need, in accordance with the principles in Annex II, for (1) external assistance to the core budget and (2) increasing cost effectiveness of assistance that funds recurrent expenditure through the external development budget." We suggest accepting this language. Finally, a new BM on Regional Cooperation was added, referring to working initiatives agreed upon at the December Regional Economic Cooperation Conference.

Annex II: AID Effectiveness - Key Modifications

19. (SBU) Annex II adds a welcome point calling on the GoA to improve its ability to generate domestic revenues through customs duties and taxes and to achieve cost recovery through public utilities and transportation. On donor commitments, language on multi-year commitments is modified to read "Increasingly provide more predictable and multi-year funding commitments or indications of multi-year support.". Language is added asking donors to "avoid activities that undermine national institution building and limit the use of top-ups which will not be sustainable in the medium term."

Annex III: Coordination/Monitoring - Key Modifications

10. (SBU) In Annex III, language was added to clarify that ".the Board supplements existing consultative mechanisms between the GoA and the international community." It also clarifies that the Board will be "supported by technical experts and financial assistance, as needed." This section caused a great deal of discussion with the GoA and the IFIs, both of whom were concerned about setting up parallel

monitoring bureaucracies. We believe we have enough eyes on the ground to know when things are going wrong. We have what we need and recommend accepting this Annex without further change.

Final Comments Due by December 15

11. At this same December 10 meeting, UNAMA Deputy SRSG Haq emphasized the need for final comments from G-8 + capitals by December 15 in order to meet the timelines agreed to at the December 2-5 PrepCom sessions. The GoA requested all changes be received through Ambassadors. They feel the G-8 conference call mechanism sets of confusing dual tracks. The GoA has decided no longer to participate in those calls. (Comment: The GoA is firm. While we did not prompt this decision, we endorse it, as the use of a conference call in which many Ambassadors here did not participate was causing increasing policy confusion. End Comment)

12. December 11 Compact Draft Text

FYI: Post is also e-mailing copies of the text to key Washington addressees for readability. End FYI

THE AFGHANISTAN COMPACT BETWEEN THE ISLAMIC REPUBLIC OF AFGHANISTAN AND THE INTERNATIONAL COMMUNITY

THE ISLAMIC REPUBLIC OF AFGHANISTAN AND THE INTERNATIONAL COMMUNITY:

DETERMINED TO STRENGTHEN THEIR PARTNERSHIP TO IMPROVE THE LIVES OF AFGHAN PEOPLE, AND TO CONTRIBUTE TO NATIONAL, REGIONAL, AND GLOBAL PEACE AND SECURITY;

AFFIRMING THEIR SHARED COMMITMENTS TO CONTINUE, IN THE SPIRIT OF THE BONN, TOKYO, AND BERLIN CONFERENCES, TO WORK TOWARD A STABLE AND PROSPEROUS AFGHANISTAN, WITH GOOD GOVERNANCE AND HUMAN RIGHTS PROTECTION FOR ALL UNDER THE RULE OF LAW AND MAINTAIN THAT COMMITMENT OVER THE TERM OF THIS COMPACT AND BEYOND;

RECOGNIZING THE COURAGE AND DETERMINATION OF AFGHANS WHO, BY DEFYING VIOLENT EXTREMISM AND HARDSHIP, HAVE LAID THE FOUNDATIONS FOR A PEACEFUL, PLURALISTIC AND PROSPEROUS STATE EMBRACING THE PRINCIPLES OF ISLAM AND DEMOCRACY;

NOTING THE FULL IMPLEMENTATION OF THE BONN AGREEMENT THROUGH THE ADOPTION OF A NEW CONSTITUTION IN JANUARY 2004 AND THE HOLDING OF PRESIDENTIAL ELECTIONS IN OCTOBER 2004 AND NATIONAL ASSEMBLY AND PROVINCIAL COUNCIL ELECTIONS IN SEPTEMBER 2005, WHICH HAVE ENABLED AFGHANISTAN TO REGAIN ITS RIGHTFUL PLACE IN THE INTERNATIONAL COMMUNITY;

MINDFUL THAT AFGHANISTAN'S TRANSITION TO PEACE AND STABILITY IS NOT YET ASSURED, AND THAT STRONG INTERNATIONAL ENGAGEMENT WILL CONTINUE TO BE REQUIRED TO ADDRESS REMAINING CHALLENGES;

RESOLVED TO OVERCOME THE LEGACY OF CONFLICT IN AFGHANISTAN BY SETTING CONDITIONS FOR SUSTAINABLE ECONOMIC GROWTH AND DEVELOPMENT; STRENGTHENING STATE INSTITUTIONS AND CIVIL SOCIETY; REMOVING REMAINING TERRORIST THREATS; MEETING THE CHALLENGE OF COUNTER-NARCOTICS; REBUILDING CAPACITY AND INFRASTRUCTURE; REDUCING POVERTY; AND MEETING BASIC HUMAN NEEDS;

HAVE AGREED TO THIS AFGHANISTAN COMPACT.

PURPOSE

THE AFGHAN GOVERNMENT HAS ARTICULATED ITS OVERARCHING GOALS FOR THE WELL BEING OF ITS PEOPLE IN THE AFGHANISTAN MILLENNIUM DEVELOPMENT GOALS REPORT 2005. CONSISTENT WITH THOSE GOALS, THIS COMPACT IDENTIFIES THREE CRITICAL AND INTERDEPENDENT AREAS OR "PILLARS" OF ACTIVITY FOR THE FIVE YEARS FROM THE ADOPTION OF THIS COMPACT:

1. SECURITY;
 2. GOVERNANCE, RULE OF LAW, AND HUMAN RIGHTS; AND
 3. SUSTAINABLE ECONOMIC AND SOCIAL DEVELOPMENT.
- A FURTHER VITAL AND CROSSCUTTING AREA OF WORK IS ELIMINATING THE NARCOTICS INDUSTRY, WHICH REMAINS A FORMIDABLE THREAT TO THE PEOPLE AND STATE OF AFGHANISTAN, THE REGION, AND BEYOND.

THE AFGHAN GOVERNMENT HEREBY COMMITS ITSELF TO REALIZING THIS SHARED VISION OF THE FUTURE; THE INTERNATIONAL COMMUNITY RECIPROCALLY COMMITS ITSELF TO PROVIDE THE RESOURCES AND SUPPORT TO REALIZE THAT VISION. ANNEX I SETS OUT DETAILED OUTCOMES, BENCHMARKS, AND TIMELINES FOR

DELIVERY, CONSISTENT WITH THE HIGH-LEVEL GOALS SET BY THE ANDS. THE GOVERNMENT AND INTERNATIONAL COMMUNITY ALSO COMMIT THEMSELVES TO IMPROVE THE EFFECTIVENESS AND ACCOUNTABILITY OF INTERNATIONAL ASSISTANCE AS SET FORTH IN ANNEX 2.

PRINCIPLES OF COOPERATION

AS THE AFGHAN GOVERNMENT AND THE INTERNATIONAL COMMUNITY EMBARK ON THE IMPLEMENTATION OF THIS COMPACT, THEY WILL:

1. WORK ON THE BASIS OF PARTNERSHIP BETWEEN THE AFGHAN GOVERNMENT, WITH ITS SOVEREIGN RESPONSIBILITIES, AND THE INTERNATIONAL COMMUNITY, WITH A CENTRAL AND IMPARTIAL COORDINATING ROLE FOR THE UNITED NATIONS;
 2. RESPECT THE CULTURE, VALUES AND HISTORY OF AFGHANISTAN, BASED ON ISLAM;
 3. ENLIST FURTHER THE DEEP-SEATED CULTURE OF PARTICIPATION AND ASPIRATION TO OWNERSHIP OF THE AFGHAN PEOPLE;
 4. PURSUE FISCAL, INSTITUTIONAL, AND ENVIRONMENTAL SUSTAINABILITY;
 5. BUILD LASTING NATIONAL CAPACITY AND EFFECTIVE STATE AND CIVIL SOCIETY INSTITUTIONS, WITH PARTICULAR EMPHASIS ON BUILDING UP AFGHAN HUMAN CAPACITIES, OF MEN AND WOMEN AND BOYS AND GIRLS ALIKE;
 6. ENSURE BALANCED AND FAIR ALLOCATION OF DOMESTIC AND INTERNATIONAL RESOURCES THROUGHOUT THE COUNTRY IN ORDER TO OFFER ALL AFGHANS TANGIBLE PROSPECTS OF WELL-BEING IN AN EQUITABLE MANNER;
 7. RECOGNIZE THE IMPORTANCE OF GENDER IN ALL POLICIES AND PROGRAMS;
 8. PROMOTE REGIONAL COOPERATION; AND
 9. COMBAT CORRUPTION AND ENSURE PUBLIC TRANSPARENCY AND ACCOUNTABILITY IN RESOURCE ALLOCATION AND PROGRAM IMPLEMENTATION.
- SECURITY

GENUINE SECURITY REMAINS A FUNDAMENTAL PREREQUISITE FOR ACHIEVING STABILITY AND DEVELOPMENT IN AFGHANISTAN. SECURITY CANNOT BE PROVIDED BY MILITARY MEANS ALONE. IT REQUIRES GOOD GOVERNANCE, JUSTICE, AND THE RULE OF LAW, REINFORCED BY RECONSTRUCTION AND DEVELOPMENT. THE AFGHAN GOVERNMENT AND THE INTERNATIONAL COMMUNITY WILL CREATE A SECURE ENVIRONMENT BY DISBANDING ALL ILLEGAL ARMED GROUPS AND ENABLING AFGHAN INSTITUTIONS TO MEET THE SECURITY NEEDS OF THE COUNTRY IN A FISCALLY SUSTAINABLE MANNER.

TO THAT END, THE NATO-LED INTERNATIONAL SECURITY ASSISTANCE FORCE (ISAF), THE US-LED OPERATION ENDURING FREEDOM (OEF), AND PARTNER NATIONS INVOLVED IN SECURITY SECTOR REFORM WILL CONTINUE TO PROVIDE STRONG SUPPORT TO THE AFGHAN GOVERNMENT IN ESTABLISHING AND SUSTAINING SECURITY AND STABILITY IN AFGHANISTAN. THEY WILL CONTINUE TO STRENGTHEN AND DEVELOP THE CAPACITY OF THE NATIONAL SECURITY FORCES TO ENSURE THAT THEY BECOME FULLY FUNCTIONAL. OEF FORCES WILL CONTINUE TO CONDUCT COUNTER-TERRORISM OPERATIONS IN CLOSE COORDINATION WITH THE AFGHAN GOVERNMENT AND ISAF. ISAF WILL CONTINUE TO EXPAND ITS PRESENCE THROUGHOUT AFGHANISTAN PRIMARILY THROUGH PROVINCIAL RECONSTRUCTION TEAMS (PRTS) AND WILL CONTINUE TO PROMOTE STABILITY AND SUPPORT SECURITY SECTOR REFORMS IN ITS AREAS OF OPERATION.

FULL RESPECT FOR AFGHANISTAN'S SOVEREIGNTY AND STRENGTHENING DIALOGUE AND COOPERATION BETWEEN AFGHANISTAN AND ITS NEIGHBORS CONSTITUTES AN ESSENTIAL GUARANTEE OF STABILITY IN AFGHANISTAN AND THE REGION. THE INTERNATIONAL COMMUNITY WILL SUPPORT CONCRETE MEASURES TO THIS END.

GOVERNANCE, RULE OF LAW, AND HUMAN RIGHTS

THE AFGHAN GOVERNMENT WILL RAPIDLY EXPAND ITS CAPACITY TO PROVIDE BASIC SERVICES TO THE POPULATION THROUGHOUT THE COUNTRY. IT WILL RECRUIT COMPETENT AND CREDIBLE PROFESSIONALS TO PUBLIC SERVICE ON THE BASIS OF MERIT; ESTABLISH A MORE EFFECTIVE, ACCOUNTABLE, AND TRANSPARENT ADMINISTRATION AT ALL LEVELS OF GOVERNMENT; AND IMPLEMENT MEASURABLE IMPROVEMENTS IN FIGHTING CORRUPTION, PROMOTING JUSTICE AND THE RULE OF LAW, AND PROTECTING THE HUMAN RIGHTS OF ALL AFGHANS.

THE AFGHAN GOVERNMENT WILL GIVE PRIORITY TO THE COORDINATED ESTABLISHMENT IN EACH PROVINCE OF FUNCTIONAL INSTITUTIONS - INCLUDING CIVIL ADMINISTRATION, POLICE, AND JUDICIARY. THESE INSTITUTIONS WILL HAVE APPROPRIATE LEGAL FRAMEWORKS AND APPOINTMENT PROCEDURES; TRAINED STAFF; AND ADEQUATE REMUNERATION, INFRASTRUCTURE, AND AUDITING CAPACITY. THE GOVERNMENT WILL ESTABLISH A FISCALLY AND INSTITUTIONALLY SUSTAINABLE ADMINISTRATION FOR FUTURE ELECTIONS UNDER THE SUPERVISION OF THE AFGHANISTAN INDEPENDENT ELECTORAL COMMISSION.

REFORMING THE JUSTICE SYSTEM WILL BE A PRIORITY FOR THE AFGHAN GOVERNMENT AND INTERNATIONAL COMMUNITY. THE AIM WILL BE TO ENSURE TO ALL AFGHANS EQUAL, FAIR AND TRANSPARENT ACCESS TO JUSTICE BASED UPON WRITTEN CODES WITH FAIR TRIALS AND ENFORCEABLE VERDICTS. MEASURES WILL INCLUDE COMPLETING LEGISLATIVE REFORMS FOR THE PUBLIC AS WELL AS THE PRIVATE SECTOR; BUILDING THE CAPACITY OF JUDICIAL INSTITUTIONS AND PERSONNEL; PROMOTING HUMAN RIGHTS AND LEGAL AWARENESS AND REHABILITATING JUDICIAL INFRASTRUCTURE. THE AFGHAN GOVERNMENT AND THE INTERNATIONAL COMMUNITY REAFFIRM THEIR COMMITMENT TO THE PROTECTION AND PROMOTION OF RIGHTS PROVIDED FOR IN THE AFGHAN CONSTITUTION AND THE INTERNATIONAL HUMAN RIGHTS COVENANTS AND OTHER INSTRUMENTS TO WHICH AFGHANISTAN IS PARTY. WITH A VIEW TO REBUILDING TRUST AMONG THOSE WHOSE LIVES WERE SHATTERED BY WAR, REINFORCING A SHARED SENSE OF CITIZENSHIP AND A CULTURE OF TOLERANCE, PLURALISM, AND OBSERVANCE OF THE RULE OF LAW, THE AFGHAN GOVERNMENT WITH THE SUPPORT OF THE INTERNATIONAL COMMUNITY WILL IMPLEMENT [THE TRANSITIONAL JUSTICE ACTION PLAN FOR PEACE, JUSTICE AND RECONCILIATION] [A TRANSITIONAL JUSTICE ACTION PLAN].

ECONOMIC AND SOCIAL DEVELOPMENT

THE AFGHAN GOVERNMENT WITH THE SUPPORT OF THE INTERNATIONAL COMMUNITY WILL PURSUE HIGH RATES OF SUSTAINABLE ECONOMIC GROWTH WITH THE AIM OF REDUCING HUNGER, POVERTY, AND UNEMPLOYMENT TO ADDRESS THE ROOTS OF VIOLENT CONFLICT. IT WILL PROMOTE THE ROLE AND POTENTIAL OF THE PRIVATE SECTOR, ALONGSIDE THOSE OF THE PUBLIC AND NON-PROFIT SECTORS; CURB THE NARCOTICS INDUSTRY; ENSURE MACROECONOMIC STABILITY; RESTORE AND PROMOTE THE DEVELOPMENT OF THE COUNTRY'S HUMAN, SOCIAL, AND PHYSICAL CAPITAL, THEREBY ESTABLISHING A SOUND BASIS FOR A NEW GENERATION OF LEADERS AND PROFESSIONALS; STRENGTHEN CIVIL SOCIETY; AND COMPLETE THE REINTEGRATION OF RETURNEES, INTERNALLY DISPLACED PERSONS AND EX-COMBATANTS.

PUBLIC INVESTMENTS WILL BE STRUCTURED AROUND FIVE BASIC PRIORITIES OF THE AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY:

1. AGRICULTURE AND RURAL DEVELOPMENT;
2. PHYSICAL INFRASTRUCTURE;
3. HUMAN CAPITAL, INCLUDING HEALTH AND EDUCATION;
4. SOCIAL PROTECTION; AND
5. ECONOMIC GOVERNANCE AND PRIVATE SECTOR DEVELOPMENT.

IN EACH OF THESE AREAS, THE OBJECTIVE WILL BE TO ACHIEVE MEASURABLE RESULTS TOWARDS THE GOAL OF EQUITABLE ECONOMIC GROWTH THAT REDUCES POVERTY, EXPANDS EMPLOYMENT AND ENTERPRISE CREATION, ENHANCES OPPORTUNITIES IN THE REGION, AND IMPROVES THE WELL-BEING OF ALL AFGHANS.

COUNTER-NARCOTICS - A CROSSCUTTING PRIORITY

MEETING THE THREAT THAT THE NARCOTICS INDUSTRY POSES TO NATIONAL, REGIONAL AND INTERNATIONAL SECURITY AS WELL AS THE DEVELOPMENT AND GOVERNANCE OF THE COUNTRY AND THE WELL-BEING OF AFGHANS WILL BE A PRIORITY FOR THE GOVERNMENT AND THE INTERNATIONAL COMMUNITY. THE AIM WILL BE TO ACHIEVE A SUSTAINED AND SIGNIFICANT REDUCTION IN THE PRODUCTION AND TRAFFICKING OF NARCOTICS WITH A VIEW TO COMPLETE ELIMINATION. ESSENTIAL ELEMENTS INCLUDE IMPROVED INTERDICTION, LAW ENFORCEMENT, AND JUDICIAL CAPACITY BUILDING; ENHANCED COOPERATION AMONG AFGHANISTAN, NEIGHBORING COUNTRIES, AND THE INTERNATIONAL COMMUNITY ON DISRUPTING THE DRUGS TRADE; WIDER PROVISION OF ECONOMIC ALTERNATIVES FOR FARMERS AND LABORERS; AND BUILDING NATIONAL AND PROVINCIAL COUNTER-NARCOTICS INSTITUTIONS. IT WILL ALSO BE CRUCIAL TO ENFORCE A ZERO-TOLERANCE POLICY TOWARDS OFFICIAL CORRUPTION; TO REINFORCE THE MESSAGE THAT PRODUCING OR TRADING OPIATES IS BOTH IMMORAL AND A VIOLATION OF ISLAMIC LAW; AND TO REDUCE THE DEMAND FOR THE ILLICIT USE OF OPIATES WHILE PROVIDING USERS WITH MEDICAL SUPPORT.

COORDINATION AND MONITORING MECHANISMS

THE AFGHAN GOVERNMENT AND THE INTERNATIONAL COMMUNITY WILL ESTABLISH A JOINT COORDINATION AND MONITORING MECHANISM FOR THE IMPLEMENTATION OF THIS COMPACT. AS DETAILED IN ANNEX 3, THIS MECHANISM WILL BE CO-CHAIRLED BY THE AFGHAN GOVERNMENT AND THE UNITED NATIONS AND WILL BE SUPPORTED BY A SECRETARIAT. IT WILL ENSURE GREATER COHERENCE OF EFFORTS BY

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THE AFGHAN GOVERNMENT AND INTERNATIONAL COMMUNITY TO IMPLEMENT THE COMPACT AND PROVIDE REGULAR AND TIMELY REPORTS ON ITS EXECUTION TO THE PRESIDENT, NATIONAL ASSEMBLY, AFGHAN PUBLIC, AND INTERNATIONAL COMMUNITY.

ANNEX: 1 BENCHMARKS AND TIMELINES

THE AFGHAN GOVERNMENT, WITH THE SUPPORT OF THE INTERNATIONAL COMMUNITY, IS COMMITTED TO ACHIEVING THE FOLLOWING BENCHMARKS IN ACCORDANCE WITH THE CORRESPONDING TIMELINES WITHIN THE FIVE-YEAR TIME FRAME OF THIS COMPACT.

SECURITY

INTERNATIONAL SECURITY FORCES
THERE WILL BE CONTINUED REQUISITE LEVEL OF SUPPORT FOR THE NATO-LED INTERNATIONAL SECURITY FORCE (ISAF), OPERATION ENDURING FREEDOM (OEF) AND THEIR RESPECTIVE PROVINCIAL RECONSTRUCTION TEAMS (PRTS) TO ENSURE INCREASED SECURITY AND STABILITY IN ALL REGIONS OF AFGHANISTAN.

AFGHAN NATIONAL ARMY
A FULLY CONSTITUTED, PROFESSIONAL, FUNCTIONAL AND ETHNICALLY BALANCED AFGHAN NATIONAL ARMY OF [UP TO] 70,000 WILL BE ABLE TO EFFECTIVELY MEET THE SECURITY NEEDS OF THE COUNTRY AND WILL BE INCREASINGLY FISCALLY SUSTAINABLE.

AFGHAN NATIONAL POLICE
A FULLY CONSTITUTED, PROFESSIONAL, FUNCTIONAL AND ETHNICALLY BALANCED AFGHAN NATIONAL POLICE OF [UP TO] 62,000 WILL BE ABLE TO EFFECTIVELY MEET THE SECURITY NEEDS OF THE COUNTRY AND WILL BE INCREASINGLY FISCALLY SUSTAINABLE.

DISBANDMENT OF ILLEGAL ARMED GROUPS
ALL ILLEGAL ARMED GROUPS WILL BE DISBANDED BY END-2007 IN ALL PROVINCES.

COUNTER NARCOTICS
THE GOVERNMENT WILL STRENGTHEN ITS LAW ENFORCEMENT CAPACITY AT BOTH CENTRAL AND PROVINCIAL LEVELS, RESULTING IN A SUBSTANTIAL ANNUAL INCREASE IN THE AMOUNT OF DRUGS SEIZED OR DESTROYED, AND PROCESSING FACILITIES DESTROYED, AND EFFECTIVE MEASURES TOWARD ELIMINATION OF POPPY CULTIVATION.

THE GOVERNMENT WILL WORK WITH NEIGHBORING AND REGIONAL GOVERNMENTS TO INCREASE COORDINATION AND INTELLIGENCE SHARING, WITH THE GOAL OF AN INCREASE IN THE SEIZURE AND DESTRUCTION OF DRUGS BEING SMUGGLED ACROSS AFGHANISTAN'S BORDERS, AND EFFECTIVE ACTION AGAINST DRUG TRAFFICKERS.

MINE ACTION
IN SUPPORT OF AFGHANISTAN'S MDGS, THE LAND AREA CONTAMINATED BY MINES AND UNEXPLODED ORDNANCE WILL BE REDUCED BY 70% BY 2010. [TO BE MADE CONSISTENT WITH MDG INDICATOR]

GOVERNANCE, RULE OF LAW AND HUMAN RIGHTS

PUBLIC ADMINISTRATIVE REFORM
A CLEAR AND TRANSPARENT APPOINTMENTS MECHANISM WILL BE ESTABLISHED WITHIN 6 MONTHS, APPLIED WITHIN 12 MONTHS, AND FULLY IMPLEMENTED WITHIN 24 MONTHS FOR ALL SENIOR LEVEL APPOINTMENTS TO THE CENTRAL GOVERNMENT, THE JUDICIARY, PROVINCIAL GOVERNORS, CHIEFS OF POLICE, DISTRICT ADMINISTRATORS AND PROVINCIAL HEADS OF SECURITY.

A REVIEW BY END-2006 OF THE NUMBER OF ADMINISTRATIVE UNITS AND THEIR BOUNDARIES WILL BE UNDERTAKEN TOWARDS CONTRIBUTING TO FISCAL SUSTAINABILITY.

MERIT-BASED APPOINTMENTS AND PERFORMANCE-BASED REVIEWS WILL BE UNDERTAKEN AT ALL LEVELS OF GOVERNMENT, INCLUDING CENTRAL GOVERNMENT, THE JUDICIARY AND POLICE, AND REQUISITE SUPPORT IS PROVIDED TO BUILD THE CAPACITY OF THE CIVIL SERVICE TO FUNCTION EFFECTIVELY. ANNUAL PERFORMANCE-BASED REVIEWS WILL BE UNDERTAKEN FOR ALL SENIOR STAFF (GRADE 2 AND ABOVE) APPOINTED STARTING BY END-2007.

GOVERNMENT MACHINERY (INCLUDING THE NUMBER OF MINISTRIES) WILL BE RESTRUCTURED AND RATIONALIZED TO ENSURE A FISCALLY SUSTAINABLE PUBLIC ADMINISTRATION; THE CIVIL SERVICE COMMISSION WILL BE STRENGTHENED; AND CIVIL SERVICE FUNCTIONS WILL BE REFORMED TO REFLECT CORE FUNCTIONS AND RESPONSIBILITIES CLEARLY.

THE CENSUS
THE CENSUS ENUMERATION WILL BE COMPLETED BY END-2008.

NATIONAL ASSEMBLY
THE NATIONAL ASSEMBLY WILL BE PROVIDED WITH TECHNICAL AND ADMINISTRATIVE SUPPORT BY MID-2006 TO EFFECTIVELY FULFILL ITS CONSTITUTIONALLY MANDATED ROLES.

ELECTIONS
THE AFGHANISTAN INDEPENDENT ELECTORAL COMMISSION WILL HAVE THE HIGH INTEGRITY, CAPACITY AND RESOURCES TO UNDERTAKE ELECTIONS IN AN INCREASINGLY FISCALLY SUSTAINABLE MANNER BY END-2008, WITH THE GOVERNMENT OF AFGHANISTAN CONTRIBUTING TO THE COST OF FUTURE ELECTIONS FROM ITS OWN RESOURCES. A

PERMANENT CIVIL AND VOTER REGISTRY WITH A SINGLE NATIONAL IDENTITY DOCUMENT WILL BE ESTABLISHED BY END-2009.

GENDER

THE NATIONAL ACTION PLAN FOR WOMEN IN AFGHANISTAN WILL BE FULLY IMPLEMENTED. IN LINE WITH AFGHANISTAN'S MDGS, FEMALE PARTICIPATION IN ELECTED AND APPOINTED BODIES AND THE CIVIL SERVICE WILL BE STRENGTHENED.

RULE OF LAW

THE LEGAL FRAMEWORK REQUIRED UNDER THE CONSTITUTION, INCLUDING CIVIL, CRIMINAL, AND COMMERCIAL LAW, WILL BE PUT IN PLACE, DISTRIBUTED TO ALL JUDICIAL AND LEGISLATIVE INSTITUTIONS, AND BE MADE AVAILABLE TO THE PUBLIC.

FUNCTIONING INSTITUTIONS OF JUSTICE WILL BE FULLY OPERATIONAL IN EACH PROVINCE OF AFGHANISTAN. THE AVERAGE TIME TO RESOLVE CONTRACT DISPUTES WILL BE REDUCED FROM 400 TO 300 DAYS.

A REVIEW AND REFORM OF OVERSIGHT PROCEDURES RELATING TO CORRUPTION, LACK OF DUE PROCESS AND MISCARRIAGE OF JUSTICE WILL BE INITIATED BY END-2006 AND FULLY IMPLEMENTED BY END-2008; REFORMS WILL STRENGTHEN THE PROFESSIONALISM, CREDIBILITY AND INTEGRITY OF KEY INSTITUTIONS OF THE JUSTICE SYSTEM (THE MINISTRY OF JUSTICE, THE JUDICIARY, THE ATTORNEY-GENERAL'S OFFICE, THE MINISTRY OF INTERIOR AND NDS).

JUSTICE INFRASTRUCTURE WILL BE REHABILITATED; PRISONS WILL HAVE SEPARATE FACILITIES FOR WOMEN AND JUVENILES.

LAND REGISTRATION

THE PROCESS FOR REGISTRATION OF LAND IN ALL ADMINISTRATIVE UNITS AND THE REGISTRATION OF TITLES THROUGHOUT WILL BE STARTED FOR ALL MAJOR URBAN AREAS BY END-2006 WITH A VIEW TO COMPLETION BY END-2008. A FAIR SYSTEM FOR SETTLEMENT OF LAND DISPUTES WILL BE IN PLACE BY END-2007. REGISTRATION FOR RURAL LAND WILL BE UNDER WAY BY END-2007.

COUNTER NARCOTICS

THE GOVERNMENT WILL INCREASE THE NUMBER OF ARRESTS AND PROSECUTIONS OF TRAFFICKERS AND CORRUPT OFFICIALS, AND WILL IMPROVE ITS INFORMATION BASE CONCERNING THOSE INVOLVED IN THE DRUGS TRADE, WITH A VIEW TO ENHANCING THE SELECTION SYSTEM FOR NATIONAL AND SUB-NATIONAL PUBLIC APPOINTMENTS, AS PART OF THE APPOINTMENTS MECHANISM MENTIONED EARLIER IN THIS SECTION.

HUMAN RIGHTS

GOVERNMENT'S CAPACITY TO COMPLY WITH AND REPORT ON ITS HUMAN RIGHTS TREATY OBLIGATIONS WILL BE STRENGTHENED; STATE SECURITY AGENCIES WILL ADOPT CODES OF CONDUCT AND PROCEDURES AIMED AT PREVENTING ARBITRARY ARREST, TORTURE, EXTORTION AND ILLEGAL EXPROPRIATION OF PROPERTY WITH A VIEW TO THE ELIMINATION OF THESE PRACTICES; MEDIA FREEDOM WILL BE STRENGTHENED; HUMAN RIGHTS AWARENESS WILL BE INCLUDED IN THE EDUCATION CURRICULA, AND PROMOTED AMONG LEGISLATORS, JUDICIAL PERSONNEL AND OTHER STATE AGENCIES AND THE PUBLIC; INDEPENDENT HUMAN RIGHTS MONITORING CARRIED OUT JOINTLY BY THE AIHRC AND THE UN TRACKS THE EFFECTIVENESS OF MEASURES AIMED AT THE PROTECTION OF HUMAN RIGHTS. THE AFGHAN INDEPENDENT HUMAN RIGHTS COMMISSION WILL BE SUPPORTED IN THE FULFILLMENT OF ITS OBJECTIVES WITH REGARD TO MONITORING, INVESTIGATION, PROTECTION AND PROMOTION OF HUMAN RIGHTS.

THE IMPLEMENTATION OF A TRANSITIONAL JUSTICE ACTION PLAN WILL BE COMPLETED BY END-2008.

ECONOMIC AND SOCIAL DEVELOPMENT

AGRICULTURE AND RURAL DEVELOPMENT

AGRICULTURE & LIVESTOCK

THE NECESSARY INSTITUTIONAL, REGULATORY AND INCENTIVE FRAMEWORK TO INCREASE PRODUCTION AND PRODUCTIVITY WILL BE ESTABLISHED TO CREATE AN ENABLING ENVIRONMENT FOR LICIT AGRICULTURE AND AGRICULTURE BASED RURAL INDUSTRIES, AND PUBLIC INVESTMENT IN AGRICULTURE WILL INCREASE BY 30 PERCENT. PARTICULAR CONSIDERATION WILL BE GIVEN TO PERENNIAL HORTICULTURE, ANIMAL HEALTH AND FOOD SECURITY BY INSTITUTING SPECIALIZED SUPPORT AGENCIES AND FINANCIAL SERVICE DELIVERY MECHANISMS, SUPPORTING FARMERS' ASSOCIATIONS, BRANDING NATIONAL PRODUCTS, DISSEMINATING TIMELY PRICE AND WEATHER-RELATED INFORMATION AND STATISTICS, PROVIDING STRATEGIC RESEARCH AND TECHNICAL ASSISTANCE, AND SECURING ACCESS TO IRRIGATION AND WATER MANAGEMENT SYSTEMS.

COMPREHENSIVE RURAL DEVELOPMENT

RURAL DEVELOPMENT WILL BE ENHANCED COMPREHENSIVELY FOR THE BENEFIT OF 19 MILLION PEOPLE IN OVER 38,000 VILLAGES. THIS OCCURS THROUGH THE ELECTION OF AT LEAST A FURTHER 14,000 VOLUNTARY COMMUNITY DEVELOPMENT COUNCILS IN ALL REMAINING VILLAGES, PROMOTING LOCAL GOVERNANCE AND COMMUNITY EMPOWERMENT. ACCESS TO SAFE DRINKING WATER WILL BE EXTENDED TO 90% OF VILLAGES AND SANITATION TO 50%. ROAD CONNECTIVITY

WILL REACH 40% OF ALL VILLAGES, INCREASING ACCESS TO MARKETS, EMPLOYMENT AND SOCIAL SERVICES. 47% OF VILLAGES WILL BENEFIT FROM SMALL-SCALE IRRIGATION. 800,000 HOUSEHOLDS (22% OF ALL AFGHANISTAN'S HOUSEHOLDS) WILL BENEFIT FROM FINANCIAL SERVICES. LIVELIHOODS OF AT LEAST 15% OF RURAL POPULATION WILL BE SUPPORTED THROUGH THE PROVISION OF 91 MILLION LABOR DAYS.

COUNTER NARCOTICS

GOVERNMENT WILL DESIGN PROGRAMS TO ACHIEVE A SUSTAINED ANNUAL REDUCTION IN THE AMOUNT OF LAND UNDER POPPY AND OTHER DRUG CULTIVATION, BY THE STRENGTHENING AND DIVERSIFICATION OF LICIT LIVELIHOODS AND OTHER COUNTER NARCOTICS MEASURES, AS PART OF THE GOVERNMENT'S OVERALL GOAL OF A DECREASE IN THE ABSOLUTE AND RELATIVE SIZE OF THE DRUGS ECONOMY IN LINE WITH THE GOVERNMENT'S MDG TARGET.

INFRASTRUCTURE

ROADS

AFGHANISTAN WILL HAVE A FULLY UPGRADED AND MAINTAINED RING ROAD AND ROADS CONNECTING THE RING ROAD TO NEIGHBORING COUNTRIES BY 2008, AND A FISCALLY SUSTAINABLE SYSTEM FOR ROAD MAINTENANCE BY END-2007.

AIR TRANSPORT

KABUL INTERNATIONAL AIRPORT AND HERAT AIRPORT WILL ACHIEVE FULL INTERNATIONAL CIVIL AVIATION ORGANIZATION COMPLIANCE. MAZAR, JALALABAD AND KANDAHAR WILL BE UPGRADED WITH RUNWAY REPAIRS, AIR NAVIGATION, FIRE AND RESCUE AND COMMUNICATIONS EQUIPMENT; AND 7 OTHER DOMESTIC AIRPORTS WILL BE UPGRADED TO FACILITATE DOMESTIC AIR TRANSPORTATION. AIR TRANSPORT SERVICES AND COSTS WILL BE INCREASINGLY COMPETITIVE WITH INTERNATIONAL MARKET STANDARDS AND RATES.

ENERGY

ELECTRICITY WILL REACH AT LEAST 65% OF HOUSEHOLDS AND 90% OF NON-RESIDENTIAL ESTABLISHMENTS IN MAJOR URBAN AREAS, AND AT LEAST 25% OF HOUSEHOLDS IN RURAL AREAS. COST RECOVERY WILL COVER 75% FOR THOSE USERS CONNECTED TO THE NATIONAL POWER GRID.

MINING AND NATURAL RESOURCES

AN ENABLING REGULATORY ENVIRONMENT WILL BE CREATED BY END-2006 AND THE INVESTMENT AND INFRASTRUCTURAL ENVIRONMENT WILL BE ENHANCED IN ORDER TO ATTRACT DOMESTIC AND FOREIGN DIRECT INVESTMENT IN THIS AREA.

WATER RESOURCE MANAGEMENT

WATER RESOURCE MANAGEMENT STRATEGIES AND PLANS, COVERING IRRIGATION AND DRINKING WATER SUPPLY, WILL BE DEVELOPED BY END-2006 AND IRRIGATION INVESTMENTS RESULT IN AT LEAST 30% OF WATER COMING FROM LARGE WATERWORKS.

URBAN DEVELOPMENT

MUNICIPAL GOVERNMENTS WILL HAVE STRENGTHENED CAPACITY TO MANAGE URBAN DEVELOPMENT AND TO ENSURE THAT MUNICIPAL SERVICES ARE DELIVERED EFFECTIVELY, EFFICIENTLY AND TRANSPARENTLY. IN LINE WITH AFGHANISTAN'S MDGS, INVESTMENT IN WATER SUPPLY AND SANITATION WILL ENSURE THAT 50% OF HOUSEHOLDS IN KABUL AND 30% OF HOUSEHOLDS IN OTHER MAJOR URBAN AREAS WILL HAVE ACCESS TO PIPED WATER.

ENVIRONMENT

IN LINE WITH AFGHANISTAN'S MILLENNIUM DEVELOPMENT GOALS, ENVIRONMENTAL REGULATORY FRAMEWORKS AND MANAGEMENT SERVICES WILL BE ESTABLISHED FOR THE PROTECTION OF AIR AND WATER QUALITY, WASTE MANAGEMENT AND POLLUTION CONTROL, AND NATURAL RESOURCE POLICIES WILL BE DEVELOPED AND IMPLEMENTATION STARTED AT ALL LEVELS OF GOVERNMENT AS WELL AS THE COMMUNITY LEVEL, BY END-2007.

HUMAN CAPITAL

HEALTH AND NUTRITION

IN LINE WITH AFGHANISTAN'S MDGS, THE BASIC PACKAGE OF HEALTH SERVICES WILL BE EXTENDED TO COVER AT LEAST 90% OF THE POPULATION, MATERNAL MORTALITY WILL BE REDUCED BY 10%, AND FULL IMMUNIZATION COVERAGE FOR INFANTS UNDER-5 FOR VACCINE PREVENTABLE DISEASES WILL BE ACHIEVED AND THEIR MORTALITY RATES REDUCED BY 20%.

PRIMARY AND SECONDARY EDUCATION

IN LINE WITH AFGHANISTAN'S MDGS, NET ENROLLMENT IN PRIMARY SCHOOL FOR GIRLS AND BOYS WILL BE AT LEAST 60% AND 75% RESPECTIVELY; A NEW CURRICULUM WILL BE OPERATIONAL IN ALL SECONDARY SCHOOLS, FEMALE TEACHERS WILL BE INCREASED BY 50%; 70% OF AFGHANISTAN'S TEACHERS WILL HAVE PASSED A COMPETENCY TEST, AND A SYSTEM FOR ASSESSING LEARNING ACHIEVEMENT SUCH AS A NATIONAL TESTING SYSTEM FOR STUDENTS WILL BE IN PLACE.

HIGHER EDUCATION

ENROLLMENT OF STUDENTS TO UNIVERSITIES WILL BE 100,000 WITH AT LEAST 35% FEMALE STUDENTS. CURRICULUM IN AFGHANISTAN'S PUBLIC UNIVERSITIES IS REVISED WITH A VIEW TO THE DEVELOPMENT NEEDS OF THE COUNTRY AND PRIVATE SECTOR GROWTH.

SKILLS DEVELOPMENT

A HUMAN RESOURCE STUDY WILL BE COMPLETED BY END-2006, AND 150,000 MEN AND WOMEN ARE TRAINED IN MARKETABLE SKILLS THROUGH PUBLIC AND PRIVATE MEANS.

SOCIAL PROTECTION

POVERTY REDUCTION

IN LINE WITH AFGHANISTAN'S MDGS, THE PROPORTION OF PEOPLE WHOSE INCOME WILL BE LESS THAN US\$1 A DAY DECREASES BY 3% PER YEAR AND THE PROPORTION OF PEOPLE WHO SUFFER FROM HUNGER DECREASES BY 5% PER YEAR.

HUMANITARIAN AND DISASTER RESPONSE

AN EFFECTIVE SYSTEM OF DISASTER PREPAREDNESS AND RESPONSE WILL BE IN PLACE.

DISABLED

INCREASED ASSISTANCE WILL BE PROVIDED TO MEET THE SPECIAL NEEDS OF ALL DISABLED PEOPLE, INCLUDING THEIR INTEGRATION IN SOCIETY THROUGH OPPORTUNITIES FOR EDUCATION AND GAINFUL EMPLOYMENT.

EMPLOYMENT OF YOUTH AND DEMOBILIZED SOLDIERS

EMPLOYMENT OPPORTUNITIES FOR YOUTH AND DEMOBILIZED SOLDIERS ARE INCREASED THROUGH SPECIAL PROGRAMS.

REFUGEES AND IDPS

ALL REFUGEES OPTING TO RETURN AND INTERNALLY DISPLACED PERSONS WILL BE PROVIDED ASSISTANCE FOR REHABILITATION AND INTEGRATION IN THEIR LOCAL COMMUNITIES.

VULNERABLE WOMEN

THE NUMBER OF FEMALE HEADED HOUSEHOLDS THAT ARE CHRONICALLY POOR WILL BE REDUCED BY 20%, AND THEIR EMPLOYMENT RATES WILL BE INCREASED BY 20%.

COUNTER NARCOTICS

THE GOVERNMENT WILL IMPLEMENT PROGRAMS TO REDUCE THE DEMAND FOR NARCOTICS AND PROVIDE IMPROVED TREATMENT FOR DRUG USERS. ECONOMIC GOVERNANCE AND PRIVATE SECTOR DEVELOPMENT

FINANCIAL MANAGEMENT

BY END-2007, THE GOVERNMENT ENSURES IMPROVED TRANSPARENT FINANCIAL MANAGEMENT AT THE CENTRAL AND PROVINCIAL LEVELS THROUGH ESTABLISHING AND MEETING BENCHMARKS FOR FINANCIAL MANAGEMENT AGREED WITH AND MONITORED BY THE INTERNATIONAL COMMUNITY, INCLUDING THOSE IN THE ENVISAGED POVERTY REDUCTION GROWTH FACILITY. IN TURN, DONORS WILL MAKE EVERY EFFORT TO INCREASE THE SHARE OF TOTAL EXTERNAL ASSISTANCE TO AFGHANISTAN THAT GOES TO THE CORE BUDGET.

DOMESTIC REVENUES

AFGHANISTAN'S TOTAL DOMESTIC BUDGETARY REVENUE - EQUIVALENT TO 4.5% OF ESTIMATED LICIT GDP IN 1383 (2004/05) - WILL STEADILY INCREASE AND REACH 8% OF GDP BY 1389 (2010/11). THE RATIO OF REVENUE TO ESTIMATED TOTAL RECURRENT EXPENDITURES INCLUDING ESTIMATED RECURRENT EXPENDITURES IN THE CORE AND EXTERNAL DEVELOPMENT BUDGETS) IS PROJECTED TO RISE FROM 28% IN 1383 (2004/05) TO AN ESTIMATED 58% IN 1389, ENSURING A CONTINUING NEED, IN ACCORD WITH THE PRINCIPLES IN ANNEX 2, FOR (1) EXTERNAL ASSISTANCE TO THE CORE BUDGET AND (2) INCREASING COST-EFFECTIVENESS OF ASSISTANCE THAT FUNDS RECURRENT EXPENDITURE THROUGH THE EXTERNAL DEVELOPMENT BUDGET.

PRIVATE SECTOR DEVELOPMENT AND TRADE

ALL LEGISLATION, REGULATIONS AND PROCEDURES RELATED TO INVESTMENT WILL BE REVIEWED IN ORDER TO SIMPLIFY AND HARMONIZE THEM BY END-2006. NEW INVESTMENT LAWS AND BUSINESS ORGANIZATIONS LAWS TABLED BEFORE THE NATIONAL ASSEMBLY BY END-2006. THE GOVERNMENT'S STRATEGY FOR DIVESTMENT OF STATE OWNED ENTERPRISE WILL BE COMPLETED BY END-2008.

FINANCIAL SERVICES AND MARKETS

INTERNATIONALLY ACCEPTED PRUDENTIAL REGULATIONS WILL BE DEVELOPED FOR ALL CORE SECTORS OF BANKING AND NON-BANK FINANCIAL INSTITUTIONS BY END-2007. THE BANKING SUPERVISION FUNCTION OF DA AFGHANISTAN BANK IS FURTHER STRENGTHENED BY END-2007. RE-LICENSING OF STATE-OWNED COMMERCIAL BANKS WILL BE COMPLETE BY END-2006. STATE-OWNED BANKS THAT HAVE NOT BEEN RE-LICENSED ARE LIQUIDATED BY END-2006.

REGIONAL COOPERATION

AFGHANISTAN AND ITS NEIGHBOURS WILL ACHIEVE LOWER TRANSIT TIMES THROUGH AFGHANISTAN BY MEANS OF COOPERATIVE BORDER MANAGEMENT AND OTHER MULTI-LATERAL OR BILATERAL TRADE AND TRANSIT AGREEMENTS. AFGHANISTAN WILL INCREASE THE AMOUNT OF ELECTRICITY AVAILABLE THROUGH BILATERAL POWER PURCHASE AND

CROSS BORDER HYDRO PROJECTS. AFGHANISTAN WILL INCREASE THE AMOUNT OF WATER AVAILABLE FOR IRRIGATION THROUGH AGREEMENTS WITH RIPARIANS OF ITS MAJOR RIVER SYSTEMS. AFGHANISTAN AND ITS NEIGHBOURS WILL REACH AGREEMENTS TO ENABLE AFGHANISTAN TO IMPORT SKILLED LABOUR FROM ITS NEIGHBOURS AND TO ENABLE AFGHANS TO SEEK WORK IN THE REGION AND SEND REMITTANCES HOME.

ANNEX 2: IMPROVING EFFECTIVENESS OF AID TO AFGHANISTAN

THE INTERNATIONAL COMMUNITY HAS MADE A SIGNIFICANT INVESTMENT IN THE FUTURE OF A DEMOCRATIC STATE OF AFGHANISTAN SINCE DECEMBER 2001. THIS COMPACT IS AN AFFIRMATION OF THAT COMMITMENT. THE AFGHAN GOVERNMENT AND THE INTERNATIONAL COMMUNITY ARE FURTHER COMMITTED TO IMPROVING THE EFFECTIVENESS OF THE AID BEING PROVIDED TO AFGHANISTAN IN ACCORDANCE WITH THE 'PARIS DECLARATION ON AID EFFECTIVENESS' RECOGNIZING THE SPECIAL SECURITY SITUATION IN AFGHANISTAN AND ITS IMPLICATIONS FOR DONOR SUPPORT.

CONSISTENT WITH THE PARIS DECLARATION AND THE PRINCIPLES OF COOPERATION OF THIS COMPACT, THE GOVERNMENT AND THE INTERNATIONAL COMMUNITY PROVIDING ASSISTANCE TO AFGHANISTAN AGREE THAT THE PRINCIPLES FOR IMPROVING THE EFFECTIVENESS OF AID TO AFGHANISTAN UNDER THIS COMPACT ARE:

LEADERSHIP OF THE AFGHAN GOVERNMENT IN SETTING ITS DEVELOPMENT PRIORITIES AND STRATEGIES AND WITHIN THEM THE SUPPORT NEEDS OF THE COUNTRY AND THE COORDINATION OF DONOR ASSISTANCE;

TRANSPARENCY AND ACCOUNTABILITY ON THE PART OF BOTH THE GOVERNMENT AND THE DONORS OF THE INTERNATIONAL ASSISTANCE BEING PROVIDED TO AFGHANISTAN;

UNDER THESE PRINCIPLES AND TOWARDS THE GOAL OF IMPROVING THE EFFECTIVENESS OF AID TO AFGHANISTAN, THE GOVERNMENT WILL:

PROVIDE A PRIORITIZED AND DETAILED AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY WITH INDICATORS FOR MONITORING RESULTS, INCLUDING THOSE FOR THE AFGHANISTAN MILLENNIUM DEVELOPMENT GOALS;

IMPROVE ITS ABILITY TO GENERATE DOMESTIC REVENUES THROUGH, INTER ALIA, CUSTOMS DUTIES, TAXES; AND TO ACHIEVE COST RECOVERY FROM PUBLIC UTILITIES AND TRANSPORTATION;

AGREE WITH THE DONORS, INTERNATIONAL FINANCIAL INSTITUTIONS AND UNITED NATIONS AGENCIES ON THE BENCHMARKS FOR UTILIZATION OF AID CHanneled THROUGH THE GOVERNMENT BUDGET AND MONITOR PERFORMANCE AGAINST THOSE BENCHMARKS; PROVIDE REGULAR REPORTING ON THE USE OF DONOR ASSISTANCE AND PERFORMANCE AGAINST THE BENCHMARKS OF THIS COMPACT TO THE NATIONAL ASSEMBLY, THE DONOR COMMUNITY THROUGH THE AFGHANISTAN DEVELOPMENT FORUM, AND THE PUBLIC AT LARGE;

THE DONORS WILL:

PROVIDE ASSISTANCE WITHIN THE FRAMEWORK OF THE AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY. PROGRAMS AND PROJECTS WILL BE AGREED WITH GOVERNMENT IN ORDER TO ELIMINATE DUPLICATION AND RATIONALIZE DONOR ACTIVITIES TO MAXIMIZE COST-EFFECTIVENESS;

INCREASINGLY PROVIDE MORE PREDICTABLE AND MULTI-YEAR FUNDING COMMITMENTS OR INDICATIONS OF MULTI-YEAR SUPPORT TO AFGHANISTAN TO ENABLE THE GOVERNMENT TO PLAN BETTER THE IMPLEMENTATION OF ITS NATIONAL DEVELOPMENT STRATEGY;

INCREASE THE PROPORTION OF DONOR ASSISTANCE CHanneled DIRECTLY THROUGH THE AFGHANISTAN CORE BUDGET, AS AGREED BILATERALLY BETWEEN THE GOVERNMENT AND EACH DONOR, AND EXPLORE INCREASED FUNDING THROUGH OTHER MORE PREDICTABLE CORE BUDGET FUNDING MODALITIES IN WHICH THE AFGHAN GOVERNMENT PARTICIPATES SUCH AS THE AFGHANISTAN RECONSTRUCTION TRUST FUND (ARTF), THE LAW AND ORDER TRUST FUND FOR AFGHANISTAN (LOTFA) AND THE COUNTER-NARCOTICS TRUST FUND (CNTF);

PROVIDE ASSISTANCE FOR THE DEVELOPMENT OF PUBLIC EXPENDITURE MANAGEMENT SYSTEMS WHICH ARE ESSENTIAL FOR IMPROVING THE TRANSPARENCY AND ACCOUNTABILITY IN THE UTILIZATION OF DONOR RESOURCES AND COUNTERING CORRUPTION;

RECOGNIZE THAT BECAUSE OF THE NEED TO BUILD AFGHAN CAPACITY, DONOR ASSISTANCE PROVIDED THROUGH THE EXTERNAL BUDGET WILL BE DESIGNED IN SUCH A MANNER AS TO BUILD THIS CAPACITY IN THE GOVERNMENT AS WELL AS THE PRIVATE SECTOR;

ENSURE THAT DEVELOPMENT POLICIES, INCLUDING SALARY POLICIES, STRENGTHEN NATIONAL INSTITUTIONS THAT ARE SUSTAINABLE IN THE MEDIUM TO LONG-TERM FOR DELIVERY OF PROGRAMS BY THE GOVERNMENT.

FOR AID NOT CHanneled THROUGH THE CORE BUDGET ENDEAVOR TO:

REDUCE THE EXTERNAL MANAGEMENT AND OVERHEAD COSTS OF PROJECTS BY PROMOTING THE AFGHAN PRIVATE SECTOR IN THEIR MANAGEMENT AND DELIVERY;

INCREASINGLY USE AFGHAN NATIONAL IMPLEMENTATION PARTNERS AND EQUALLY QUALIFIED LOCAL AND EXPATRIATE AFGHANS;

INCREASE THE PROCUREMENT WITHIN AFGHANISTAN OF SUPPLIES FOR CIVILIAN AND MILITARY ACTIVITIES;

USE AFGHAN MATERIALS WHERE FEASIBLE IN THE IMPLEMENTATION OF PROJECTS, IN PARTICULAR FOR INFRASTRUCTURE;

WITHIN THE PRINCIPLES OF INTERNATIONAL COMPETITIVE BIDDING, PROMOTE THE PARTICIPATION IN THE BIDDING PROCESS OF THE AFGHAN PRIVATE SECTOR AND SOUTH-SOUTH COOPERATION IN ORDER TO OVERCOME CAPACITY CONSTRAINTS AND TO LOWER COSTS OF DELIVERY;

PROVIDE TIMELY, TRANSPARENT AND COMPREHENSIVE INFORMATION ON FOREIGN AID FLOWS, INCLUDING LEVELS OF PLEDGES, COMMITMENTS AND DISBURSEMENTS IN A FORMAT THAT WILL ENABLE THE AFGHAN GOVERNMENT TO PLAN ITS OWN ACTIVITIES AND PRESENT COMPREHENSIVE BUDGET REPORTS TO THE NATIONAL ASSEMBLY. THIS COVERS THE NATURE AND AMOUNT OF ASSISTANCE BEING PROVIDED TO AFGHANISTAN THROUGH THE CORE AND EXTERNAL BUDGETS.

FOR EXTERNAL BUDGET ASSISTANCE, ALSO REPORT TO THE GOVERNMENT ON THE UTILIZATION OF FUNDS; ITS EFFICIENCY, QUALITY AND EFFECTIVENESS, AND THE RESULTS ACHIEVED.

THESE MUTUAL COMMITMENTS ARE INTENDED TO ENSURE THAT THE DONOR ASSISTANCE BEING PROVIDED TO AFGHANISTAN IS USED EFFICIENTLY AND EFFECTIVELY, THAT THERE IS INCREASED TRANSPARENCY AND ACCOUNTABILITY, AND THAT BOTH AFGHANS AND THE TAXPAYERS IN DONOR COUNTRIES ARE RECEIVING VALUE FOR MONEY.

ANNEX 3: COORDINATION AND MONITORING

THE ISLAMIC REPUBLIC OF AFGHANISTAN AND THE INTERNATIONAL COMMUNITY RECOGNIZE THAT THE SUCCESS OF THE AFGHANISTAN COMPACT REQUIRES STRONG POLITICAL, SECURITY AND FINANCIAL COMMITMENT TO ACHIEVE THE BENCHMARKS WITHIN THE AGREED TIMELINES. EQUALLY, THE SUCCESS OF THE COMPACT RELIES ON AN EFFECTIVE COORDINATION AND MONITORING MECHANISM.

TO ENSURE COMPREHENSIVE AND TIMELY IMPLEMENTATION OF THIS COMPACT THE AFGHAN GOVERNMENT AND THE INTERNATIONAL COMMUNITY WILL ESTABLISH A JOINT CO-ORDINATION AND MONITORING BOARD WITH THE PARTICIPATION OF SENIOR AFGHAN GOVERNMENT OFFICIALS APPOINTED BY THE PRESIDENT AND REPRESENTATIVES OF THE INTERNATIONAL COMMUNITY. A SENIOR AFGHAN GOVERNMENT OFFICIAL APPOINTED BY THE PRESIDENT AND THE SPECIAL REPRESENTATIVE OF THE UN SECRETARY-GENERAL FOR AFGHANISTAN WILL CO-CHAIR THE COORDINATION BOARD. THE COORDINATION AND MONITORING BOARD SUPPLEMENTS EXISTING CONSULTATIVE MECHANISMS BETWEEN THE GOVERNMENT AND THE INTERNATIONAL COMMUNITY.

THE BOARD WILL HAVE A SECRETARIAT STAFFED BY THE AFGHAN GOVERNMENT AND THE UNITED NATIONS. IT WILL BE SUPPORTED BY TECHNICAL EXPERTS AND FINANCIAL ASSISTANCE, AS NEEDED. THE BOARD WILL HOLD PERIODIC MEETINGS AND SPECIAL SESSIONS AS REQUIRED TO REVIEW THE IMPLEMENTATION OF THE COMPACT AND SUGGEST CORRECTIVE ACTION, AS APPROPRIATE, TO ENSURE ITS FULL IMPLEMENTATION.

AFGHAN STATE INSTITUTIONS INVOLVED IN THE IMPLEMENTATION OF THE AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY (ANDS) WILL PROVIDE INPUTS TO THE BOARD WITH REGARD TO THE IMPLEMENTATION OF THE COMPACT. IN ADDITION, IN CARRYING OUT ITS ASSESSMENTS, THE BOARD WILL CONSIDER INPUTS FROM THE INTERNATIONAL COMMUNITY INCLUDING, UNITED NATIONS AGENCIES, INTERNATIONAL FINANCIAL INSTITUTIONS, DONOR AGENCIES, INTERNATIONAL SECURITY FORCES, AND RELEVANT NON-GOVERNMENTAL ORGANIZATIONS AND CIVIL SOCIETY REPRESENTATIVES.

PERIODIC PROGRESS REPORTS ON THE IMPLEMENTATION OF THE COMPACT PREPARED BY THE COORDINATION AND MONITORING BOARD WILL BE MADE TO THE PRESIDENT, THE NATIONAL ASSEMBLY AND THE PUBLIC, AS APPROPRIATE.